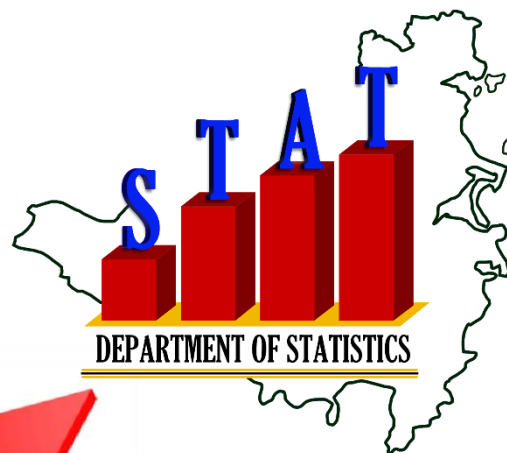


FACT RS

STATISTICAL MAGAZINE



Topics:

A deeper look into satisfaction on Sint Maarten (Well-Being Survey 2013)

Business Cycle Survey 2013 Results

Sint Maarten Inflation its Impact

VOLUME 5

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Preface

The Department of Statistics (STAT) is pleased to present the fifth issue of its statistical magazine – FACTors. This publication will be made available to the public twice yearly, as STAT maintains its objective to keep the resident and international community abreast of its research findings.

Factors comprises of articles written by STAT researchers, on varying topics linked to our latest available results. The current issue unearths the relationship between ‘Satisfaction’ and the socio-economic position of the household, this is based on the 2013 Well-being Survey. In addition, results of the Business Cycle Survey have been updated to include full-year figures of 2013. Lastly, we take a look at Inflation developments of the past and in 2013.

As usual, enjoy this issue, and continue to support our upcoming releases and other publications on general, economic & social statistics of St. Maarten.

Makini K. Hickinson
Department Head

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Is Satisfaction dependent on Career, Social, Community, Physical, and Financial Factors?

A deeper look into satisfaction on Sint Maarten based on the 2013 Well-Being Survey

By Maurette Antersijn

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Methodology

The primary objective of the Well-Being Survey is to provide a baseline for the poverty line calculation. The UN defines it as: the money needed to purchase those goods and services deemed necessary for living a life free of basic deprivation. The results of the Well-Being survey serves as the input for defining a healthy balanced life according to the 12 categories of the COICOP¹ system. Each category will have to be defined or discarded according to the results of the Well-Being survey and input from an expert discussion panel.

A sample of 1,200 households were selected of which 1,025 completed forms were received, resulting in a non-response of 17%. The non-response includes refusals as well as addresses that turned out to be businesses and non-residential. With a 95% confidence interval, this allows for a 2.9% error margin. The sample selection was based on a stratified random sample from STAT Mapping database where the strata are defined as neighbourhoods. Depending on the population density in each neighbourhood, the sample was made to represent the share of that neighbourhood in the entire population.

Topics Covered

The topics covered in the Well-Being survey are:

- **General data:** height and weight
- **Poverty perception:** general ideas on what factors affect poverty, what items are considered necessities
- **Social support:** level of support from family or other financial revenues
- **Household finances:** how to handle household finances, late bill payments, lack of funds
- **Health:** illness, family planning
- **Area:** the environment where the household resides
- **Satisfaction:** satisfaction with island and self

¹ Classification of Individual Consumption by Purpose

The Well-Being survey is an opinion-based survey. All the answers are the opinion of the spokesperson of the selected household. For the purpose of the article, any individual responses is coded back to the household.

Definitions

For the purpose of this article, the five independent variables are defined as follows:

Career: employment status. Employment status can be employed, unemployed or economically inactive.

Social: the level to which the difficulty involved in meeting with family and/or friends is influenced by external or internal factors.

Financial: the degree to which financial difficulties were experienced

Physical: whether respondents have illness

Community: The level of safety felt in the neighbourhood

Terminology

Employed persons:

All persons 15 years and older with a job or their own business or who during the week prior the survey, worked 4 hours or more for a remuneration.

Unemployed persons:

All persons 15 years and older who during the survey were unemployed, were actively looking for work the month prior to the survey and who can start working within 2 weeks, should there be a job available.

Economically not active:

All persons 15 years and older who are neither employed nor unemployed.

Eigenvalue:

An indication of the weight of a factor on the dependent factor.

Closer look at Career and Satisfaction

The Well-Being survey was conducted in conjunction with the Labour Force Survey. This gives the extra dimension of employment information on each member of the household. However, the well-being survey is a household survey and not a personal survey.

This meant that the household has to be evaluated according to the employment status of the members of the household. In deference to the objective of this article, this evaluation focused on the weight of the burden on the household if one is unemployed or economically inactive. An unemployed person is defined as a person 15 years or older who currently has no employment and has been actively looking for employment in the last 4 weeks. An economically inactive person is not employed but is not actively looking for employment.

Based on this definition, the weight factors associated with an employed household member has been set to 1, an unemployed household member counts as 2 and an economically inactive member counts as three. An economically inactive person is assumed to have a bigger weight on the financial strain of a household than an unemployed person who is actively looking for employment. This results in the following distribution:

<i>Employment Status</i>	<i>Weight</i>	<i>Contribution %</i>
<i>Employed</i>	1	16.7%
<i>Unemployed</i>	2	33.3%
<i>Economically Inactive</i>	3	50.0%

Table 1. Weight employment status

Once each household member has been assigned their weight, the highest number determines the employment status of that particular family. In the event of a tie between the various categories, preference was given to Employed, Unemployed and Economically Inactive respectively.

The results are:

<i>Economic Status</i>	<i>Respondents %</i>
<i>Economically inactive</i>	42.3%
<i>Employed</i>	51.9%
<i>Unemployed</i>	5.8%

Table 2. Employment status distribution

The Overall Satisfaction is a score given to each respondent based on their answers to the 19 satisfaction questions. The answers to the satisfaction questions ranged from 1 to 10 where 1 is not satisfied at all and 10 is very satisfied.

Table 3 shows the average satisfaction score by employment status.

<i>Employment Status</i>	<i>Overall Satisfaction Score</i>
<i>Economically Inactive</i>	7.66
<i>Employed</i>	7.62
<i>Unemployed</i>	7.37

Table 3. Average satisfaction score by employment status

According to this table, the unemployed are the least satisfied compared to the economically inactive and the employed households.

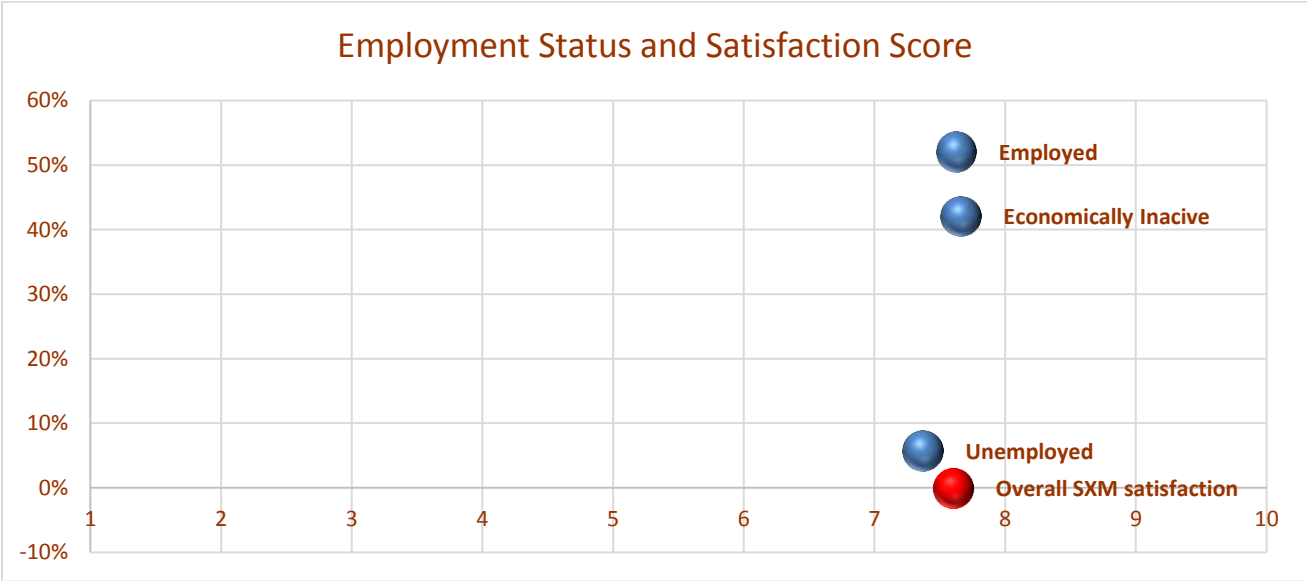
Isolating the satisfaction question related to current occupation, one can see that contrary to the overall satisfaction score, the unemployed are the most satisfied with their current occupation. Notice that the question asked about their occupation and not their job.

<i>Employment Status</i>	<i>Satisfaction With Current Occupation</i>
<i>Economically Inactive</i>	7.97
<i>Employed</i>	7.99
<i>Unemployed</i>	8.40

Table 4. Average satisfaction score for Current occupation by employment status

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The overall satisfaction is calculated by weighing the scores of each of the 18 satisfaction statements and then averaging per category. The overall satisfaction takes all the five factors into account. St. Maarten as a country has a satisfaction level of 7.6.



Graph 1. Employment Status and Satisfaction Score

The overall satisfaction of those unemployed is slightly below of the overall satisfaction. However, their weight in the overall population is below 10% and their satisfaction weighs less on the overall satisfaction of 7.6.

Closer look at Social Factors and Satisfaction

Social related questions on the Well-Being Survey were geared towards establishing the level of contact respondents have with family or friends. This is to show the emotional support they can receive if times get rough. The determinant for the social support is the level to which respondents are not willing to make the effort to visit their family due to internal or external factors.

According to this definition, three groups could be distinguished.

Group 1: Internal factors affecting social contact are:

Not interested

Don't get along with my family members

Group 2: External factors affecting social contact:

Can't afford to (lives off-island)

No vehicle

Poor public transport

Problems with physical access

Ill / sick / disabled

Elderly

Group 3: External factors affecting social contact but can be changed with effort:

Lack of time due to long working hours

Lack of time due to childcare responsibilities

Lack of time due to other responsibilities

Can't go out because of childcare responsibilities

Fear of burglary / vandalism

Fear of personal attack

No family / friends

Using the criteria outlined above, the distribution in the sample is as follows:

<i>Social Contact</i>	<i>Percentage</i>
<i>Group 1</i>	20.0%
<i>Group 2</i>	60.9%

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Group 3	19.1%
---------	-------

Table 5. Social willingness distribution

The result indicates a bigger group with external factors that cannot be changed and are outside of their own hands.

In the satisfaction section, respondents were asked whether they are satisfied with their family life and whether they are satisfied with their marriage / relationship.

In their family life, it appears that Group 2 is slightly more satisfied than the other two groups with Group 1 the least satisfied. This is the same for marriage / relationship. However when asked if they are satisfied with the ability of leading a normal social life, Group 3 is least satisfied and it is in this category where a statistical significant difference can be seen.

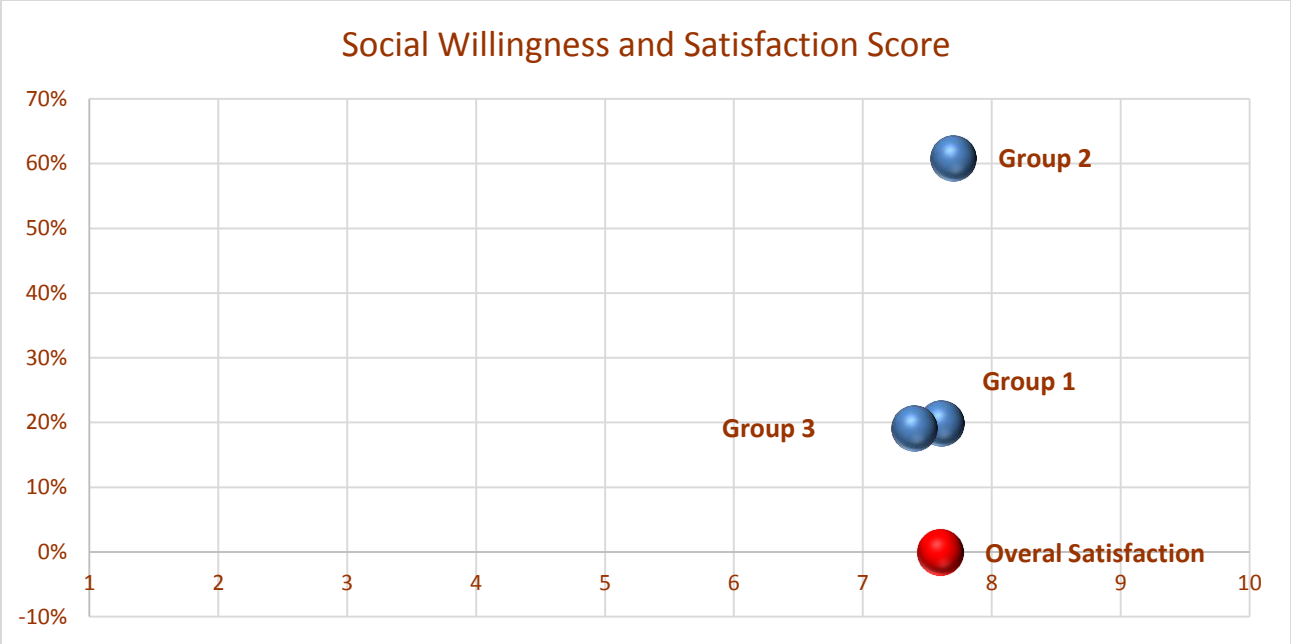
<i>Social Groups</i>	<i>Satisfaction with family life</i>	<i>Satisfaction with marriage / relationship</i>	<i>Satisfaction with normal social life</i>
<i>Group 1</i>	8.20	8.30	8.33
<i>Group 2</i>	8.48	8.56	8.52
<i>Group 3</i>	8.26	8.33	8.18

Table 6. Social Satisfaction Score according to Social groups

Their overall satisfaction score, still supports group 2 as the most satisfied group and group 3 the least satisfied.

<i>Groups</i>	<i>Overall Satisfaction score</i>
1	7.60
2	7.70
3	7.40

Table 7. Overall Satisfaction Score according to Social groups



Graph 2. Social Contact and Satisfaction Score

Group 1 and 3 have the same weight and their satisfaction level is close to each other. Group 2 is bigger and due to its size, it has a bigger influence on the overall satisfaction of the country. Group 2 are those people who cannot visit their family or friends regularly due to external factors beyond their control.

Closer look at Community and Satisfaction

During the Well-being survey, respondents were asked about the nuisances, disturbances and crime in their area of residence. One of the questions referred to being or feeling safe in your neighbourhood. Respondents were asked to rank how safe they felt on a scale of 1 to 5 where 1 is very safe and 5 is not safe. Following the question, respondents were asked if they feel more, less or the same level of safety as 5 years ago. Each of the resulting nine groups were categorized based on their safety now and 5 year ago.

<i>Feeling Safe</i>	<i>Percentage</i>
<i>Safe (Group 1)</i>	62.50%
<i>No opinion (Group 2)</i>	28.50%
<i>Not safe (Group 3)</i>	9.0%

Table 8. Community groups distribution

Group 1 is defined as those who feel safer or the same level of safety as 5 years ago (Green cells in Graph 1). Group 2 are those with a slight more feeling of safety than 5 years ago or decreased level of safety (Orange cells in Graph 1). The red group, or the Not Safe group, are those who do not feel safe at all.

	<i>More</i>	<i>Same</i>	<i>Less</i>
<i>Safe</i>	Green	Green	Yellow
<i>No opinion</i>	Green	Yellow	Red
<i>Not safe</i>	Yellow	Red	Red

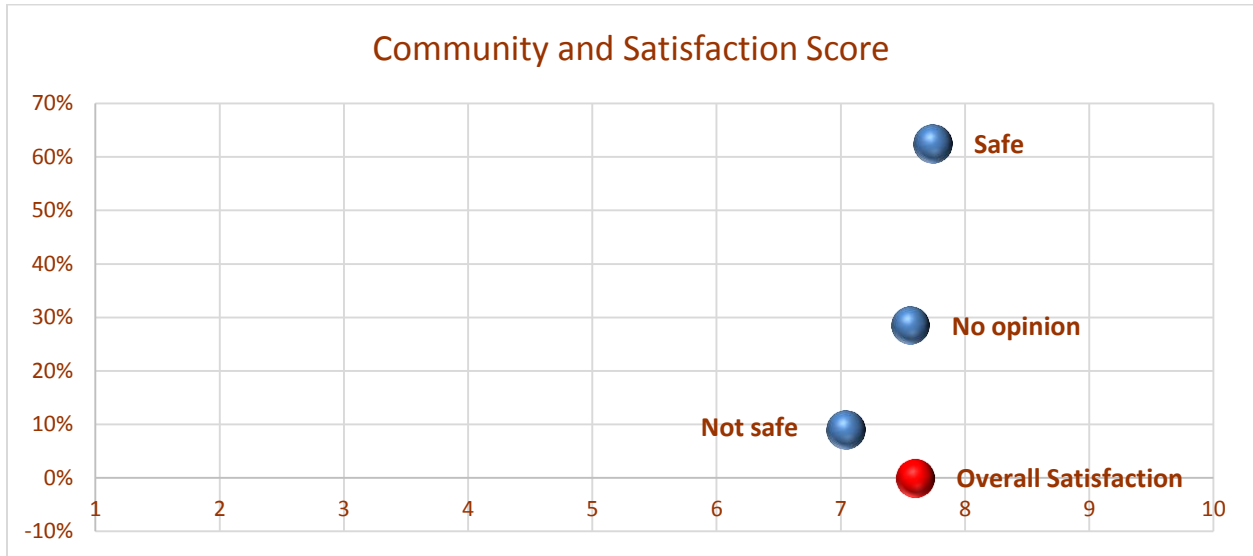
Graph 3. Changes in feelings of safety in the community

In the satisfaction section, there were two questions that dealt with community: how satisfied are you with your living accommodation and how satisfied are you with the area where you live.

	<i>Living accommodation</i>	<i>Area</i>
<i>Safe (Group 1)</i>	8.2	8.2
<i>No opinion (Group 2)</i>	7.8	7.9
<i>Not safe (Group 3)</i>	7.2	7.1

Table 9. Living accommodation and Area Satisfaction Score according to Community groups

The table above shows clearly that respondents who have a 'safe' feeling in their community, are more satisfied with their living accommodation and the area where they live than those respondents who do not feel 'safe'.



Graph 4. Community and Satisfaction Score

Those not feeling safe in their neighbourhoods are less satisfied than those without an opinion or who feel safe. The latter two groups have an overall satisfaction level close to the national average with the safe group slightly more satisfied.

Closer look at Physical factors and Satisfaction

A person's health is defined for the purpose of this article, as an indicator whether or not the person has any illness. The questionnaire offers the respondent the chance to indicate if they or someone in their household have any of the following illnesses:

high blood pressure

diabetes

glaucoma/pressure in the eyes

asthma/chronic bronchitis/ COPD

cancer

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sickle cell
 heart problems
 consequences of heart attack
 consequences of brain haemorrhage
 serious kidney problems
 dementia/Alzheimer
 HIV / AIDS
 other

Based on the answers received above, this article thus recognises two groups:

Health afflicted (one or more illness occurs in the household)

No illness (No known illness in the household)

Within the sample, these groups result in a more or less even distribution.

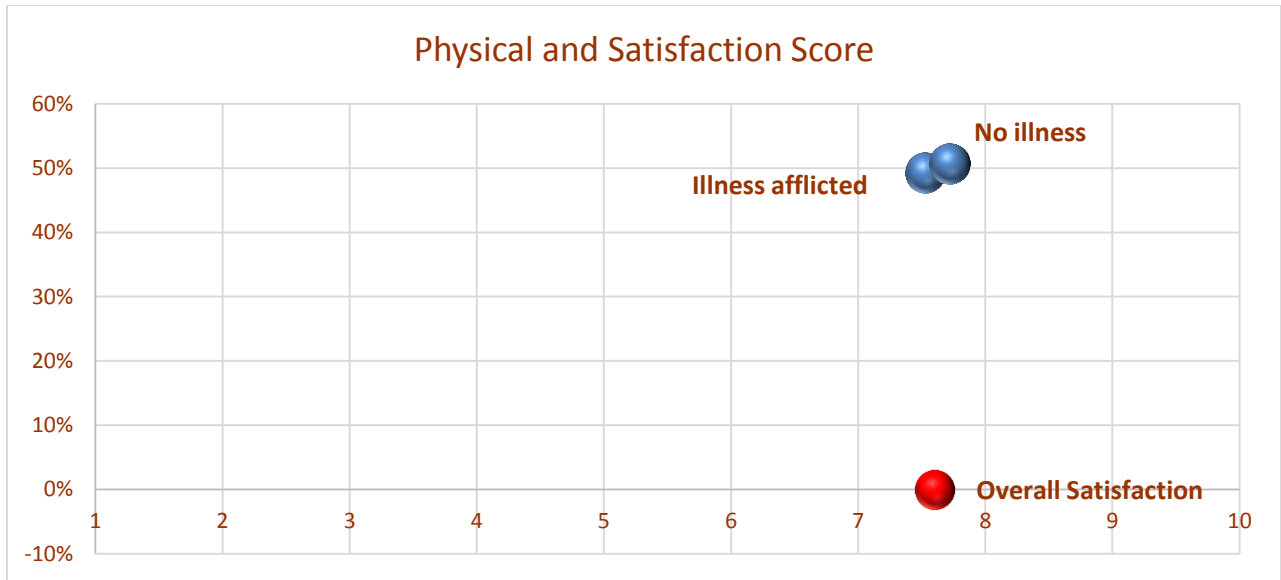
<i>Physical Factors</i>	<i>Percentage</i>
<i>Illness Afflicted</i>	49.3%
<i>No Illness Afflicted</i>	50.7%

Table 10. Physical Groups distribution

Not surprising, the group afflicted with illness, is less satisfied with their health than the group not afflicted with illness. There is nearly a point difference between the two groups.

<i>Physical Factors</i>	<i>Satisfaction With Health</i>
<i>Illness Afflicted</i>	7.9
<i>No Illness Afflicted</i>	8.7

Table 11. Health Satisfaction Score according to Physical groups



Graph 5. Physical and Satisfaction Score

The weight of the two groups identified under the physical factor is just about the same. The No Illness group however is more satisfied than the Illness Afflicted group. However, both levels are in line with the overall satisfaction level of St. Maarten.

Closer look at Financial factors and Satisfaction

Given the joint collaboration with the Labour Force Survey, a link between the household income and the influence on satisfaction level is easily made. However, the amount of a household monthly income is not a guarantee that the household is not experiencing financial difficulties. Secondly, Sint Maarten does not have a clear definition of low, middle or high income levels, therefore a better measure of Financial stability is the ability of a household to meet its financial obligations. Financial factors are thus defined in a relatively more realistic view by comparing households based on the amount of financial difficulties they experienced in the last months.

When presented with a list of possible financial difficulties, respondents were asked to indicate whether they experienced that difficulty and to what extent. For this article, those household

that experienced at least a degree of financial difficulties in the year were classified as such while households who did not experience any financial difficulties were classified as not having any financial burdens. The two groups were divided as follows:

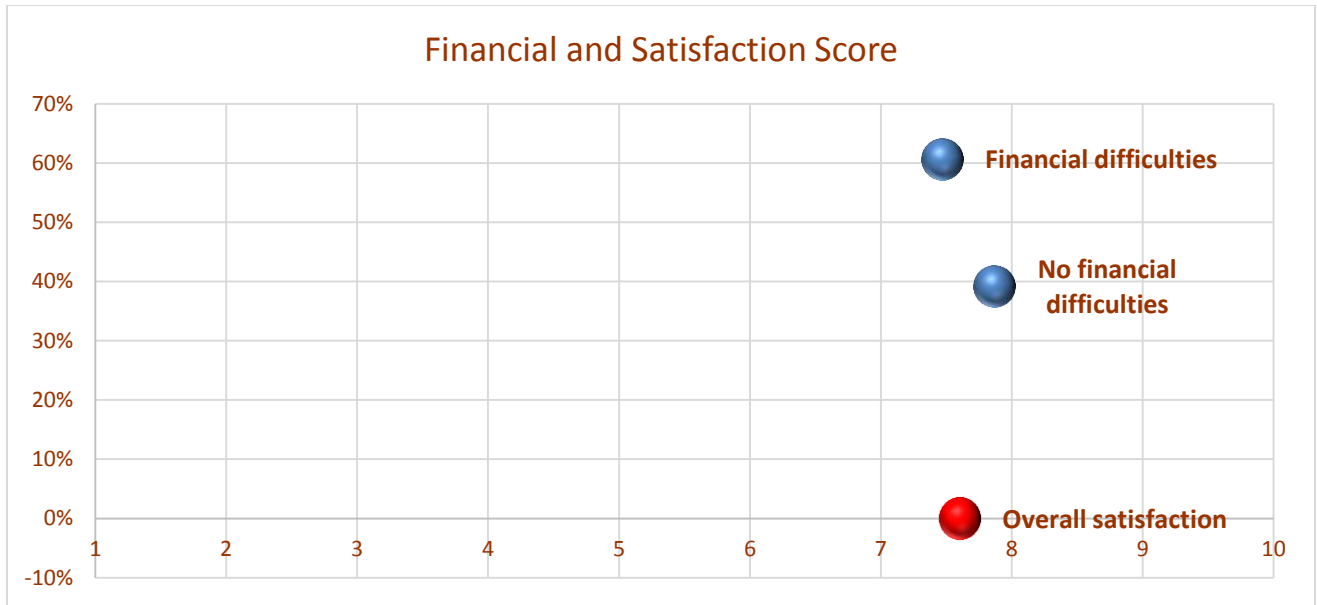
<i>Financial Difficulties</i>	<i>Percentage</i>
<i>Yes (Group 1)</i>	60.9%
<i>No (Group 2)</i>	39.1%

Table 12. Financial Groups distribution

As to the question on their level of satisfaction with their current standard of living, respondents with financial difficulties are less satisfied with their standard of living compared to those who have not experienced financial difficulties in the last year.

<i>Financial Difficulties</i>	<i>Satisfaction With Current Standard Of Living</i>
<i>Yes (Group 1)</i>	7.6
<i>No (Group 2)</i>	8.2

Table 13. Standard of Living Satisfaction Score according to Financial groups



Graph 6. Financial and Satisfaction Score

Those without financial difficulties are the most satisfied group, even compared to the graphs above. Their weight in the overall satisfaction is 40% which is less than those who have experienced financial difficulties.

Multi factor analysis on Satisfaction

How much does a person’s satisfaction depend on their career, social, financial, physical and community satisfaction? In this section, we will investigate whether independent factors career, social, financial, physical and community influences the overall satisfaction of a person. And if it is the case, which group of people are more satisfied and which group is the least satisfied.

Correlation

Before looking at the relationship between the factors and whether they predict the satisfaction level, their independence must be established. Table 14 depicts the correlation matrix between the five factors:

Career (employment status employed, unemployed or economically inactive)

Social (extent to which a person is willing to meet with family or friends)

Community (how safe does a person feel in the area where they live)

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Physical (are there any illnesses in the household)

Financial (has the household experienced any financial difficulties)

Correlations

		Financial	Physical	Social	Community	Career
Financial	Pearson Correlation	1	.049	-.106**	.021	.006
	Sig. (2-tailed)		.115	.001	.508	.860
Physical	Pearson Correlation	.049	1	-.035	-.058	-.126**
	Sig. (2-tailed)	.115		.272	.065	.000
Social	Pearson Correlation	-.106**	-.035	1	.001	.051
	Sig. (2-tailed)	.001	.272		.984	.104
Community	Pearson Correlation	.021	-.058	.001	1	-.036
	Sig. (2-tailed)	.508	.065	.984		.254
Career	Pearson Correlation	.006	-.126**	.051	-.036	1
	Sig. (2-tailed)	.860	.000	.104	.254	

Table 14. Correlation matrix

The matrix shows two combinations that are correlated with each other. The social factor correlates with the financial factor and the career factor correlates with the physical factor. The significance level of the combinations is below 0.05 thus showing that they are dependent of or correlated to each other. This means that in any model, these factors cannot appear at the same time.

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Principal Component analysis

Based on the correlations within the factors, the conclusion could be to retain only three factors instead of all five factors. This is further substantiated by performing a Principal Components Analysis. The principal component analysis, looks at each factor and concludes whether they attribute significantly to the model. This is expressed in the eigenvalue; an eigenvalue higher than 1 implies that the factor contributes more than its own weight to the equation. The results of this test shows that three factors have an eigenvalue higher than 1.

<i>Component</i>	<i>Eigenvalue</i>
1	1.183
2	1.060
3	1.023
4	.912
5	.822

Table 15. Principal Component Analysis Eigenvalues results

As such, the models tested on the dependent variable overall satisfaction will be:

Financial, Physical, and Community

Financial, Community, and Career

Physical, Social, and Community

Social, Career, and Community

Note that in the scenarios above, the correlated factors do not appear in the same model.

Linear regression models

For the last step in this analysis, respondents were grouped into four satisfaction categories. A respondent whose satisfaction score is below 5 is classified as Not satisfied, If the score is between 5 and 6, the person is neutral, a score between 6 and 8 classifies the respondent as satisfied and a higher score is a very satisfied respondent.

After applying linear regression model analysis to the 4 scenarios illustrated above, only one model shows a statistically significant value below 0.05 for each of the three factors.

	Model 1		Model 2	
	F-value	Significance level	F-value	Significance level
<i>Factor 1</i>	7.602	.000	7.602	.000
<i>Factor 2</i>	2.570	.053	7.353	.000
<i>Factor 3</i>	7.353	.000	3.374	.018

	Model 3		Model 4	
	F-value	Significance level	F-value	Significance level
<i>Factor 1</i>	2.570	.053	2.570	.053
<i>Factor 2</i>	2.149	.092	2.149	.092
<i>Factor 3</i>	7.353	.000	7.353	.000

Table 16. Multivariate analysis significance levels on three independent factors

The second model states that a person's financial difficulties (financial), feeling of safety (community), and their employment status (career) determine their level of satisfaction. The physical factors aspect and Social factors aspect are correlated to Career and Financial factors and are thus indirect influencers of the determinant factors.

Overall Satisfaction

Based on the model chosen (financial, safety and career factors) above, the possible groups are listed below. For each combination, we can ascertain the weight of that group on the overall composition of Sint Maarten. There are 16.3% of household who have experienced financial difficulties in the past, are economically inactive and feel safe in their community.

	Financial	Community	Career	% respondents
<i>Group A</i>	Financial difficulties	Safe	Economically inactive	16.3%
<i>Group B</i>	Financial difficulties	Safe	Employed	19.1%
<i>Group C</i>	Financial difficulties	Safe	Unemployed	3.3%
<i>Group D</i>	Financial difficulties	No opinion	Economically inactive	6.2%
<i>Group E</i>	Financial difficulties	No opinion	Employed	9.1%
<i>Group F</i>	Financial difficulties	No opinion	Unemployed	1.3%
<i>Group G</i>	Financial difficulties	Not safe	Economically inactive	2.4%
<i>Group H</i>	Financial difficulties	Not safe	Employed	3.0%
<i>Group I</i>	Financial difficulties	Not safe	Unemployed	0.2%
<i>Group J</i>	No financial difficulties	Safe	Economically inactive	10.7%
<i>Group K</i>	No financial difficulties	Safe	Employed	12.4%
<i>Group L</i>	No financial difficulties	Safe	Unemployed	0.7%
<i>Group M</i>	No financial difficulties	No opinion	Economically inactive	5.4%
<i>Group N</i>	No financial difficulties	No opinion	Employed	6.3%
<i>Group O</i>	No financial difficulties	No opinion	Unemployed	0.3%
<i>Group P</i>	No financial difficulties	Not safe	Economically inactive	1.2%
<i>Group Q</i>	No financial difficulties	Not safe	Employed	2.2%
<i>Group R</i>	No financial difficulties	Not safe	Unemployed	0.1%

Table 17. List of groups according to three factors²

² For the purpose of clarity, the groups that are under 1% of the population are not considered to avoid any bias due to the small sample size.

For each of the groups, the satisfaction score was calculated. The satisfaction of the groups are depicted below in Table 19 and Graph 7. Group A (Financial difficulty, safe, economically inactive) has an overall satisfaction of 7.49.

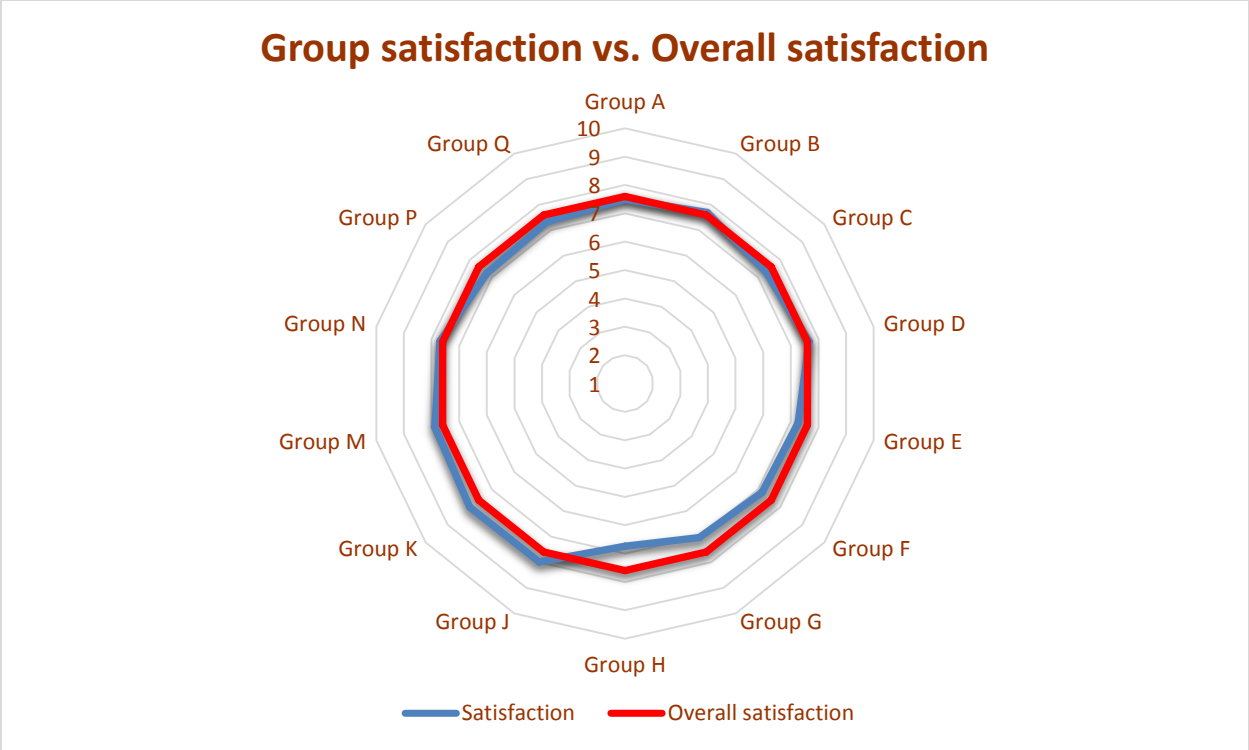
Satisfaction	
Group A	7.498364
Group B	7.695206
Group C	7.343636
Group D	7.661429
Group E	7.25913
Group F	7.173077
Group G	7.030417
Group H	6.745333
Group J	7.985833
Group K	8.003413
Group M	7.875091
Group N	7.690313
Group P	7.238333
Group Q	7.329545

Table 18. Satisfaction score of Groups

Groups F, G, and H are the least satisfied and are also below the national average. The common trend between the three groups is their financial difficulties and the safety in their area. The most satisfied are Groups J, K, and M who are not experiencing financial difficulties and are either employed or economically inactive.

Graph 7 depicts the overall satisfaction of each group against the national satisfaction. Again it is clear to see that Groups F, G and H are less satisfied while Groups J, K, and M are more satisfied than the average Sint Maartener.

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Graph 7. Satisfaction score Groups vs. National

Conclusion

As to the initial research question: Is Satisfaction dependent on Career, Social, Community, Physical, and Financial Factors, we conclude that the five factors as defined for this article are not all independent. Social factors and physical factors have a dependent relationship.

Based on the three independent factors that influence overall satisfaction, the conditions that make a person more satisfied are not experiencing financial difficulties, feeling safe in their community and being economically inactive or employed.

Business Cycle Survey Results 2013

By Shiraz Karsowidjojo and Sabrina Jno Baptiste

Introduction

The Business Cycle Survey (BCS) is conducted twice a year by the Department of Statistics. The goal of the BCS is to collect up-to-date information on a regular basis about business and economic developments within industries falling in the non-financial sector on St. Maarten. Additionally, the survey provides information on entrepreneurs' expectations and opinions of the related year.

The results presented in this article are from the BCS of December 2013 and are related to the operations, opinions and expectations of the enterprises in 2013. In this article, comparisons are made between these recent results and those of the previous year, December 2012 and when necessary, the results are compared to those of the previous three years, 2009 to 2011, to highlight any trend in the data.

Methodology

The BCS is based on estimations, the idea is to obtain insight into variations in the economy (business cycle) and the economic activity in St. Maarten. Its focus is on estimations rather than real figures, due to the short data collection period of 6 to 8 weeks and the fact that the financial statements of the majority of companies are not ready by the time the survey is conducted. The results are meant to be quick and give a general impression of how the economy is performing at a given moment.

The BCS is conducted each year in June and December. In June, the questions focus on estimations and opinions of the first 6 months of the year, from January to June and the survey in December captures the same data for the entire year. The surveys are distributed either by an interviewer, who is recruited and trained by STAT, or via email.

All businesses with more than 10 employees, which are considered medium and large companies³, are included in the survey and a random sample is drawn for companies with three to ten employees (small companies). The random sample of the small companies ensures that the sample is representative of the entire population. A total of 300 companies were included in the BCS of December 2013.

The topics covered in the survey and hence in this article are:

- Business activity
- Investment obstacles and climate
- Competitive position
- Confidence in business and the economy

Summary of results

³ The division for small, medium and large companies is based on the 1998 classifications established by the former Central Bureau of Statistics Netherlands Antilles. A company is classified as a 'small' company if it has less than 10 employees and a turnover of less than half a million guilders. Companies with 50 or more employees and a turnover of 5 million or more guilders are 'large' companies. All other companies are considered 'medium'.

More companies indicated that they had a decrease in turnover than an increase, based on their estimations. Moreover, the percentage of companies who reported making a profit is higher than the percentage who indicated making a loss.

Compared to 2012, more companies made investments in fixed assets in 2013 and viewed the investment climate as somewhat better compared to December 2012. However, shortage of financial resources remains the leading investment obstacle.

There is an increase in the proportion of companies in 2013 compared to 2012 who reported that they had confidence in business and the economy. However, businesses had higher expectations with regards to their business' results in December 2012 compared to December 2013.

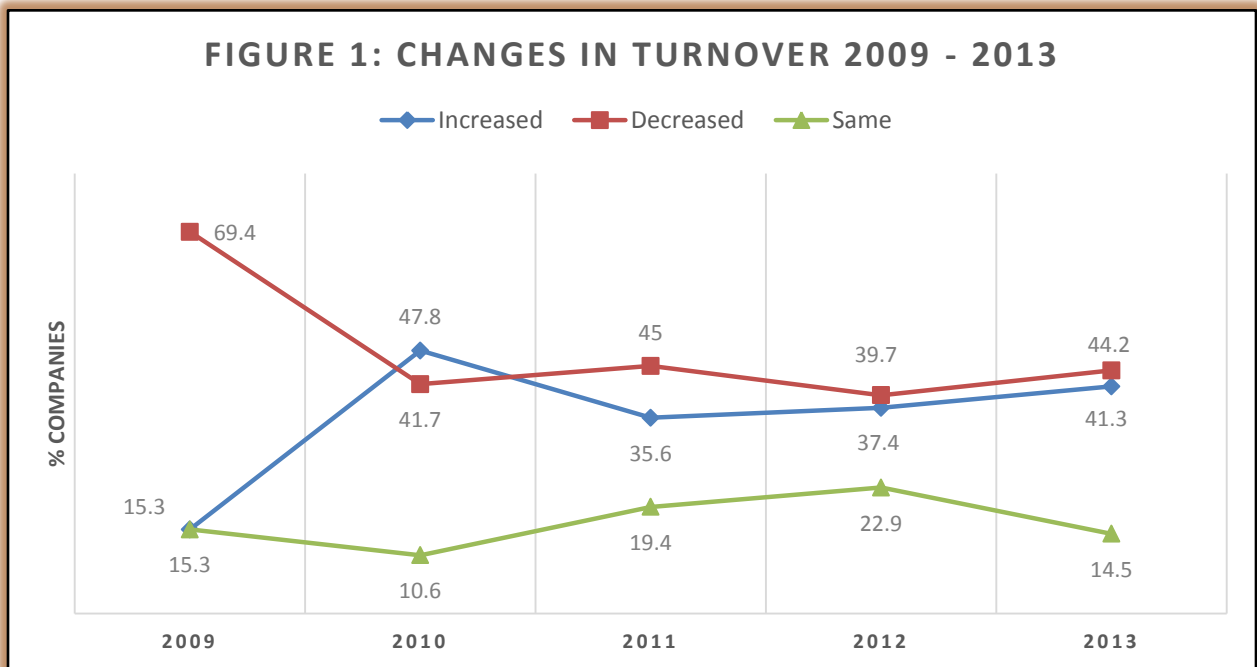
Business Activity

Turnover

The BCS survey captures information pertaining to the companies' turnover, costs and profit. One of the questions in the survey relates to changes in the estimated turnover of 2013 compared to 2012. The results show that there is a slight improvement in the percentage of companies who experienced an increase in turnover in 2013, see figure 1. More explicitly, more companies expect an increase in turnover in 2013 namely 37.4% in 2012 and 41.3% in 2013.

However, the percentage of companies who report having a decrease in turnover is higher in 2013 than 2012. The percentage of enterprises that had a decrease in turnover in 2012 was 39.7% whereas this is 44.2% in 2013. Moreover, the percentage of companies whom indicated that turnover remained the same decreased from 22.9% in 2012 to 14.5% in 2013.

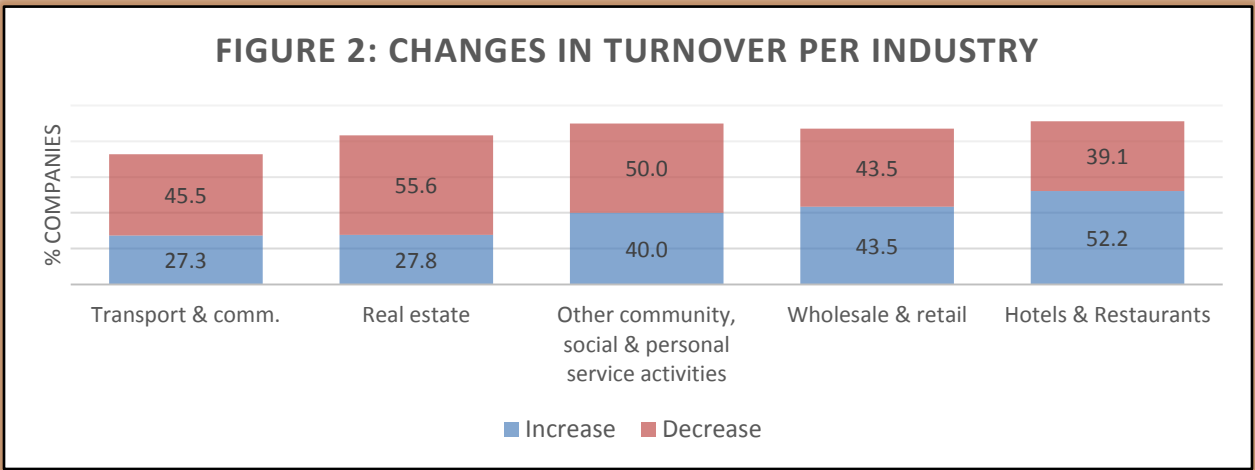
Approximately 41 percent of the companies received an increase in turnover in 2013 while roughly 44 percent reported having a decrease in turnover compared to 2012. Overall, the results suggest that companies did worse in 2013 compared to 2012.



A more in depth look at the results reveal differences between industries and the changes in turnover . Figure 2 shows the percentages of companies who reported having an increase and decrease in turnover broken down by industry for the five largest industries.

The “Hotels & Restaurants” industry has the most companies who reported having an increase in turnover in 2013 followed by the “Wholesale & Retail” industry namely 52.2% and 43.5% of companies, respectively. Moreover, the “Real estate” industry has the largest amount of companies who suffered a decrease in turnover, 55.6%, and also has one of the lowest increase in turnover (27.8%). The industry “Other community, social and personal service activities” has the second highest percentage of companies who reported a decrease in turnover (50%). The industry “Other community, social and personal service activities” has the second highest percentage of companies who reported a decrease in turnover (50%).

Overall, it appears that in terms of turnover, the enterprises in the “Hotels & Restaurants” industry has the best end result followed by the companies in the “Other community, social and personal service activities” industry. Companies operating in the “Real estate” and “Transport” industry did the worst in 2013 compared to 2012 based on the turnover.

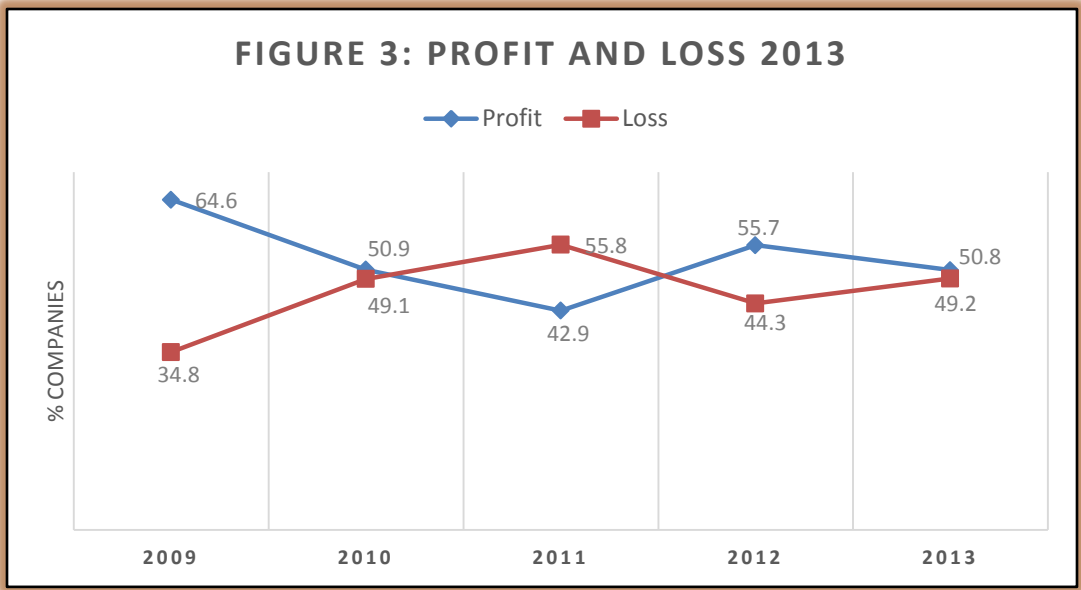


Profit

The results of the June 2013 BCS survey revealed that 51.8% of the companies expected to make a profit at the end of the year whilst 45.7% anticipated to make a loss. The most recent results show that 50.8% of companies made a profit and 49.2% made a loss. Hence, the realized profit /loss is, more or less, in line with the anticipated profit/loss for 2013.

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In comparison to 2012, however, there seems to be a decrease in the profitability of companies. Figure 3 shows that more companies made a loss in 2013 compared to 2012 (44.3% in 2012 versus 49.2% in 2013) and conversely, fewer companies made a profit in 2013 than in 2012 (55.7% in 2012 versus 50.8% in 2013).



Companies are also asked how their profit changed in comparison to the previous year. The responses for the last 5 years can be found in figure 4. The results show that the percentage of companies that indicated that the profit improved in comparison to the previous year has increased from 15 to 22 percent in the last 5 years. Note that this has remained more or less constant for the past 3 years. However, for the past 2 years, the number of companies who reported having a decrease in profit or loss has been declining namely 34.4% in 2011, 24.6% in 2012 and 20.3% in 2013. Moreover, in 2013 roughly 20 percent of the companies experienced a worsening of their profits or loss which is approximately 4 percent decrease compared to 2012. In general, the profits or loss usually remains the same when compared to the previous year.

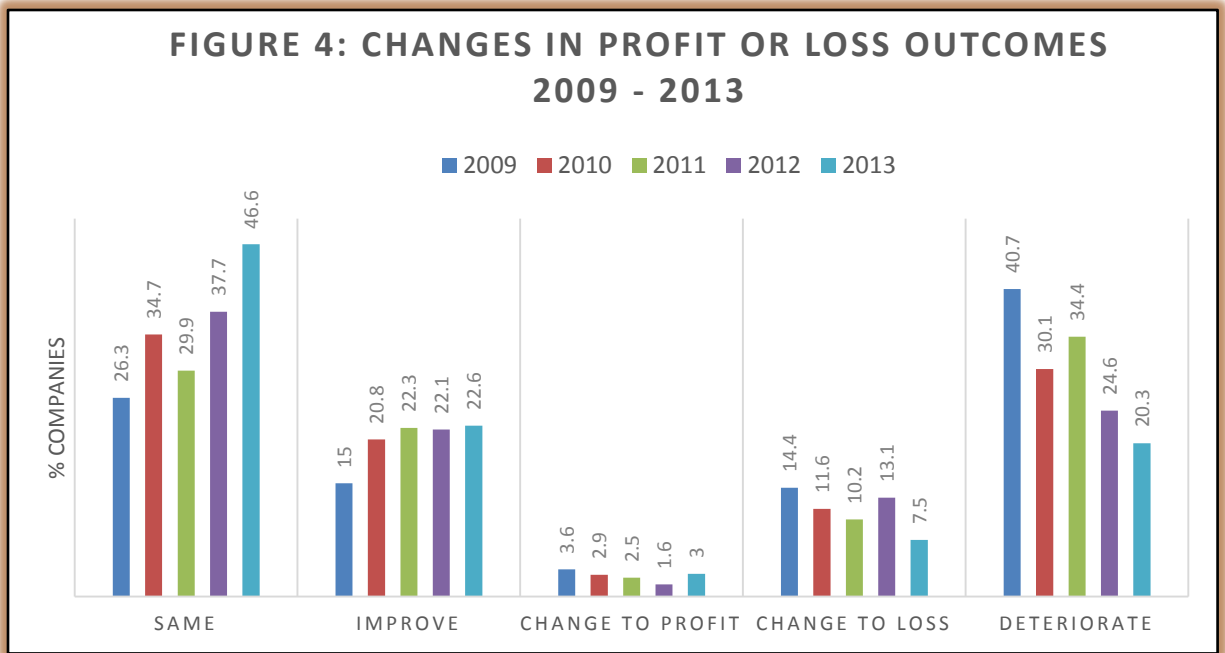
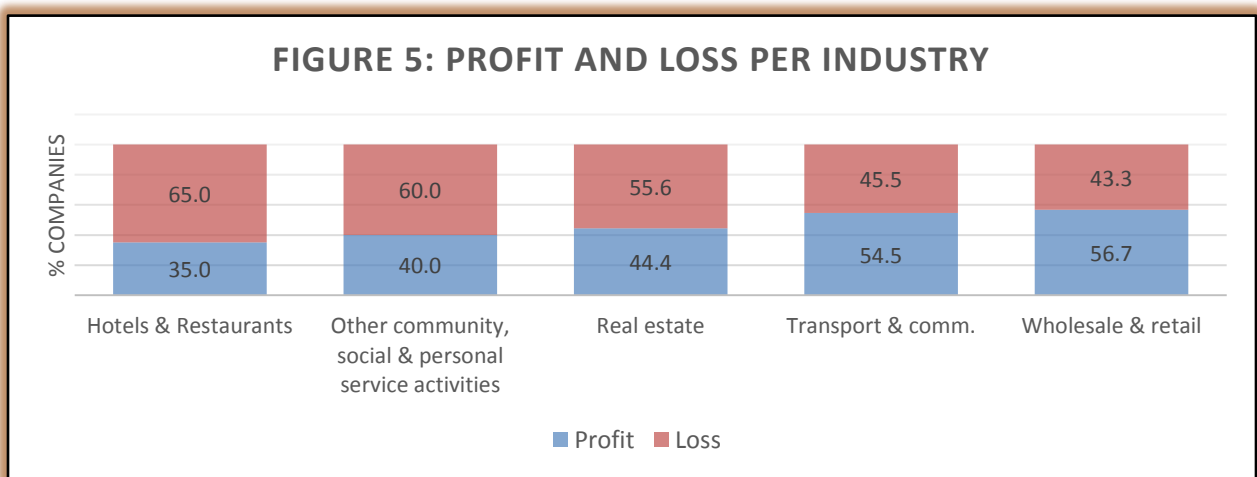
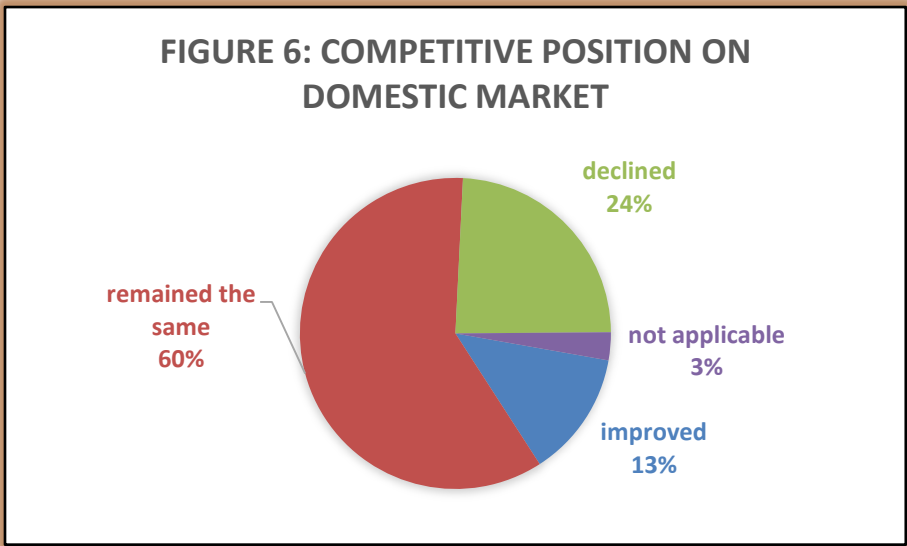


Figure 5 provides a more detailed look into profit and loss outcomes per industry. It appears that the “Wholesale & retail” industry has the largest percentage of companies that actually made a profit in 2013, 56.7% of companies, followed by the “Transport & Communication” industry with 54.5% of companies. Interestingly, the “Hotels & Restaurants” industry, which contained the most companies with increased turnover (see figure 2), has the most companies who reported making a loss in 2013. Moreover, 60% of the companies in the “Other community, social and personal service activities” industry reported that they made a loss in 2013.



Competitive position

Companies were asked about their opinion on the competitiveness of the company on the domestic market in the last 6 months of 2013 compared to the last 6 months of 2012. Their responses can be seen in figure 6.

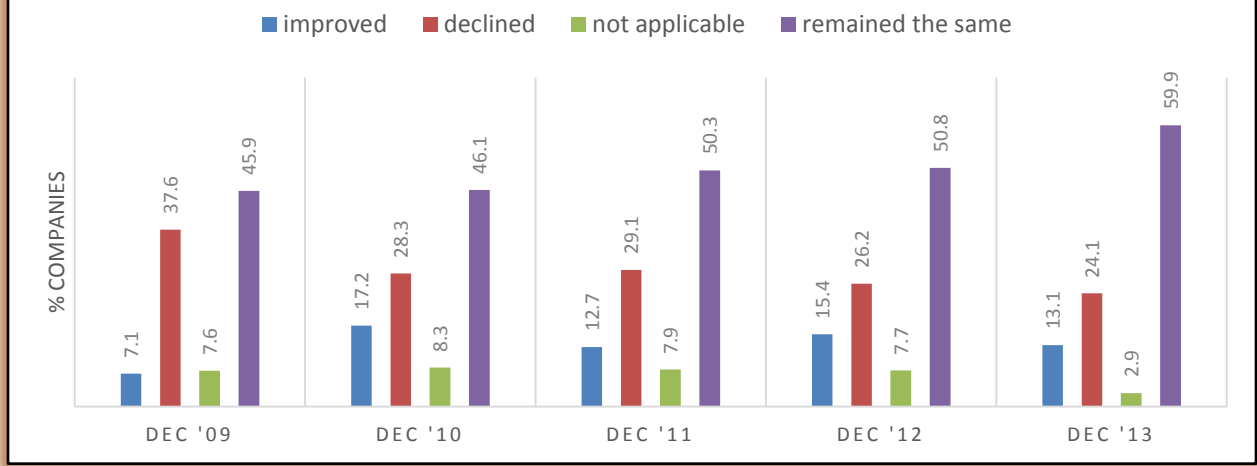


More than half of the businesses, 60%, are of the opinion that their position on the domestic market has remained the same. This is an increase compared to December 2012 (increase of 9%), see figure 7. The proportion of companies that felt their competitive position improved in December 2013, dropped 2 percentage points to 13% compared to the previous year during the same period. Moreover, fewer companies indicated that there was a decline in the competitive position compared to the previous year. More specifically, in December 2012 this was 26% and dropped 2 percentage points in December 2013 to 24%.

Generally, it appears that companies' competitive position on the domestic market have mostly remained the same over the years. In the last 3 years, there have been slight decreases in the percentage of companies who feel that their position worsened. These results suggest that the competitive position of companies on the domestic market have not worsened over the years but have more or less remained constant.

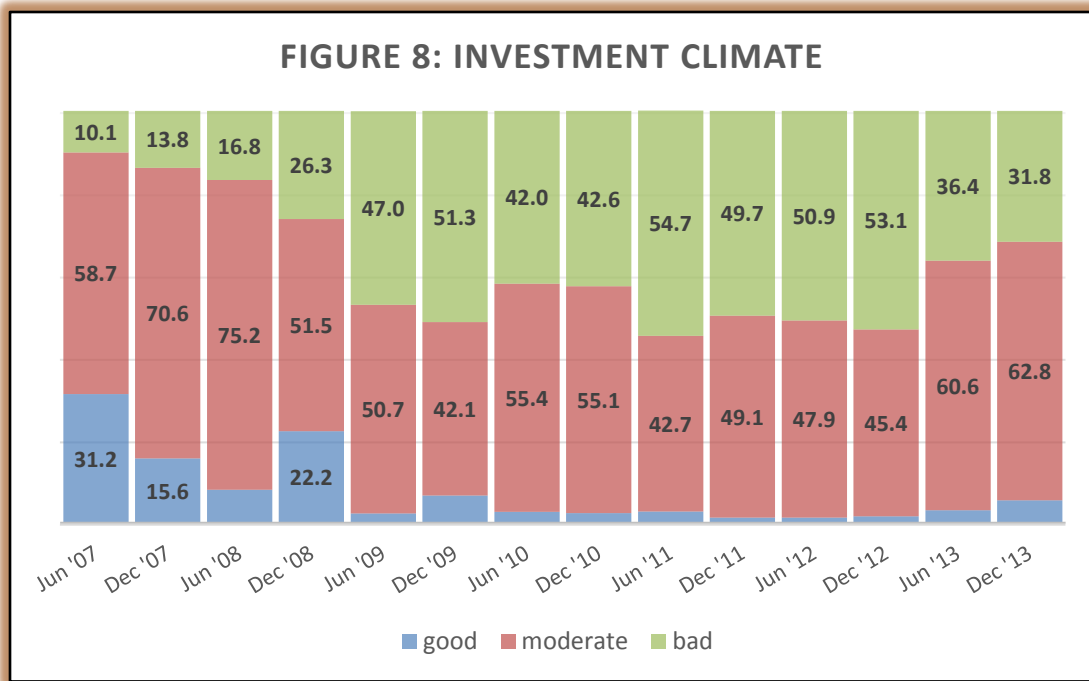
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FIGURE 7: COMPETITIVE POSITION ON DOMESTIC MARKET 2009-2013



Investment climate

According to the results of this recent survey, entrepreneurs on St. Maarten consider the investment climate to be better. As shown in figure 8, proportions have changed compared to December 2012. Throughout the years, it was clear that the perception towards the investment climate was perceived to be more negative. However, this opinion somewhat changed for the better starting in June 2013 (3 percent) and now 5 percent in December 2013. More companies now consider the investment climate to be 'moderate'. Compared to December 2012, an increase of 18 percent points is recorded. A significantly smaller proportion of companies viewed the investment climate as 'bad', 53 percent in December 2012 compared to 32 percent in December 2013.



Investment obstacles

Approximately 36 percent of the respondents indicated that they invested in fixed assets in 2013 which is 8 percentage points higher than 2012. This result is in line with the perception of the investment climate. Roughly 37 percent of the respondents who made an investment in fixed assets experienced obstacles. This is 3 percentage points lower than December 2012. When comparing this result to June 2012, a significant improvement is evident since at that time, 50 percent of companies reported that they faced investment obstacles. It is worthwhile to mention that the proportion of companies facing investment obstacles was at its highest in June of 2011 (57%). Hence, the percentage of companies experiencing investment difficulties has been decreasing since 2011.

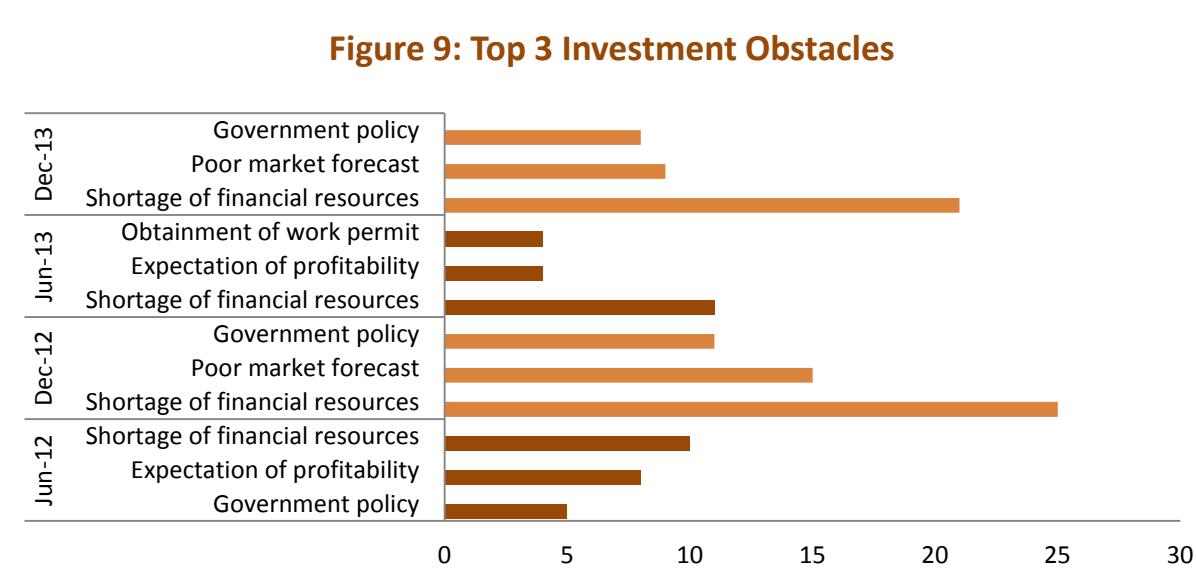
In figure 9, the top 3 investment obstacles during the last 3 business cycles are illustrated. For the past 11 years, with the exception of 2009⁴, 'shortage of financial resources' has always been

⁴ During the height of the global recession in 2009, 'poor market forecast' gained the top position in terms of investment obstacles.

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mentioned as the main investment obstacle. Additionally, 'government policy' has also been one of the top reasons given for experiencing investment difficulties.

Figure 9: Top 3 Investment Obstacles

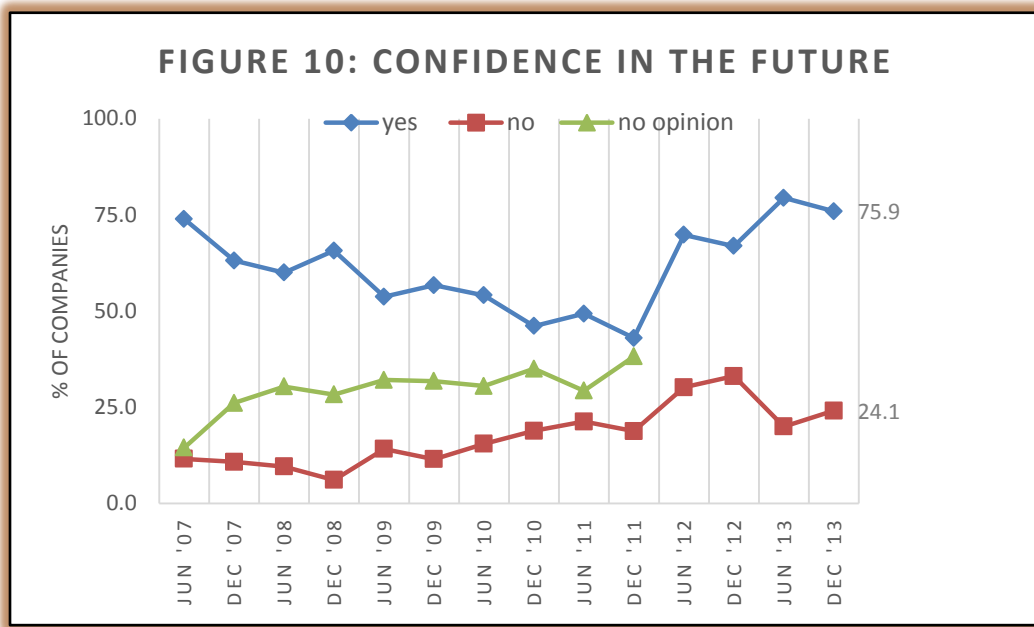


Confidence in business and the economy

In June 2013, business owners' confidence had surged to 79%, its highest level (see figure 10). In December 2013 this dropped by 3 percentage points to 76 percent. More business owners were confident in the future in December 2013 than in December 2012 with an increase of 9 percentage points. This could also be seen in figure 11 since there is an increase in December 2013 in the proportion of proprietors that reported their confidence improved.

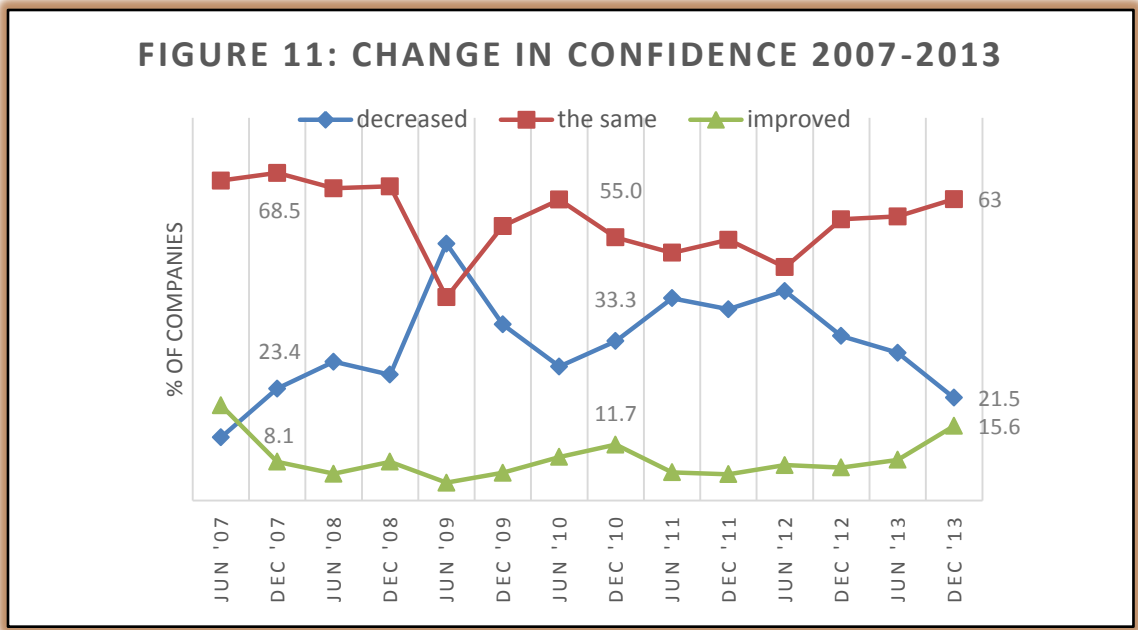
Additionally, the percentage of companies that lost confidence in the future decreased from 33 percent in December 2012 to 24 percent in December 2013. This is also in line with the results in figure 11. Hence, the confidence in the future remains quite positive. It should be noted that the option 'no opinion' was omitted from the questionnaire in 2012. This means that respondents were compelled to indicate either *yes* or *no*, to having confidence in the future.

Figure 10 below shows the historical trend of businesses' confidence in the future.



In December 2013, 16 percent of the entrepreneurs were of the opinion that their company's confidence had improved. Compared to December 2012, that marks a 9 percent increase. While 22 percent reported their confidence had decreased in December 2013, a 12 percent decrease compared to December 2012. In both December 2012 and June 2013, the majority of businesses have indicated that their confidence remained the same (59 percent), however in December 2013 this went up with 4 percent points.

Figure 11 depicts the changes in confidence over a period of time, showing the trends.



Conclusion

Overall, the turnover results of 2013 are worse than 2012. Companies reported that they made a loss in 2013 compared to 2012. Increased competition does not appear to be a reason for the decrease in turnover and profitability since more than half of the proprietors feel that their competitive position on the domestic market remained the same compared to 2012. Moreover, majority of the entrepreneurs consider the investment climate in 2013 better than in 2012.

Shortage of financial resources remains the main issue entrepreneurs face when investing in fixed assets. For the most part, proprietors' confidence in business and in the economy remained the same compared to 2012. Furthermore, the outlook for 2014 is quite positive among entrepreneurs since majority, 44% anticipate an increase in turnover and 45% expect to invest in 2014.

Sint Maarten Inflation its Impact

By Saskia Thomas-Salomons

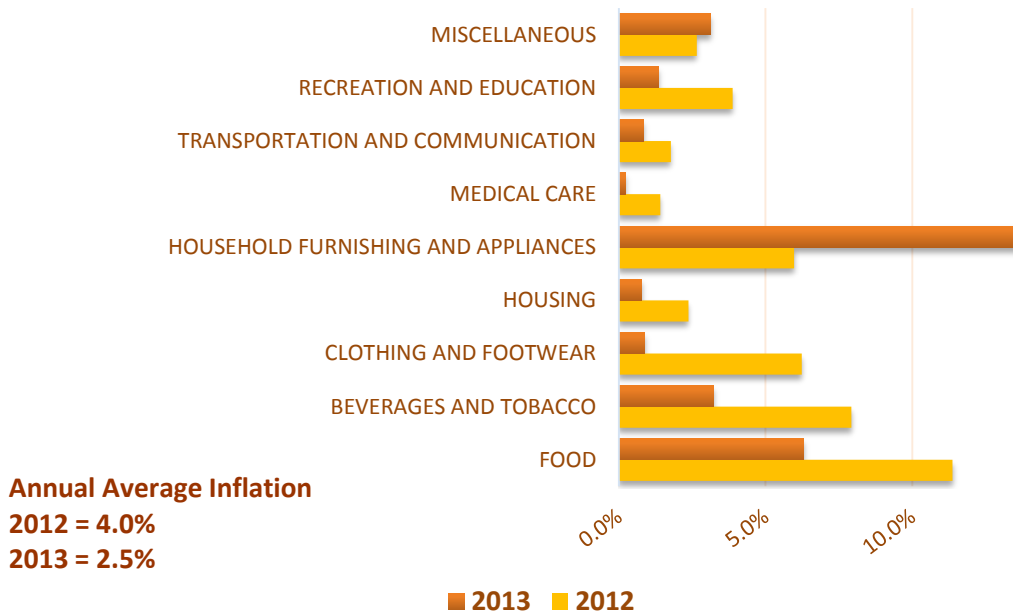
This article takes a look at inflation developments on Sint Maarten in 2013, as well as its impact on personal inflation experienced by various types of households. A comparison is made between the weight scheme used to calculate the consumer price index for 2013 based on the results of the Household Budget Survey 2004-05 and that of the Wellbeing Survey 2013.

The Wellbeing Survey is an entirely opinion based survey, conducted for the first time on Sint Maarten in 2013. This comparison is used to shed some light on the development in the way persons spent their income in the past and how they believe they spend their income in 2013. Additionally persons are taught how they can calculate their personal inflation rate by indicating how they may have distributed the income in their household.

Inflation in 2013

In 2013, Sint Maarten recorded an inflation rate of 2.5 percent, this decreased from the 4 percent in 2012. Graph 1 below depicts a comparison amongst the expenditure categories between the inflation recorded in 2013 and that of 2012. Unlike 2012, there were 3 categories in 2013 which recorded inflation that exceeded the annual average rate; the most prominent amongst the 3 was the category Household Furnishing and Appliances (13.7%). Striking is that seven of the nine expenditure categories has a decreased rate of inflation in 2013 compared to 2012.

Graph 1: Inflation (all categories) 2013 vs 2012



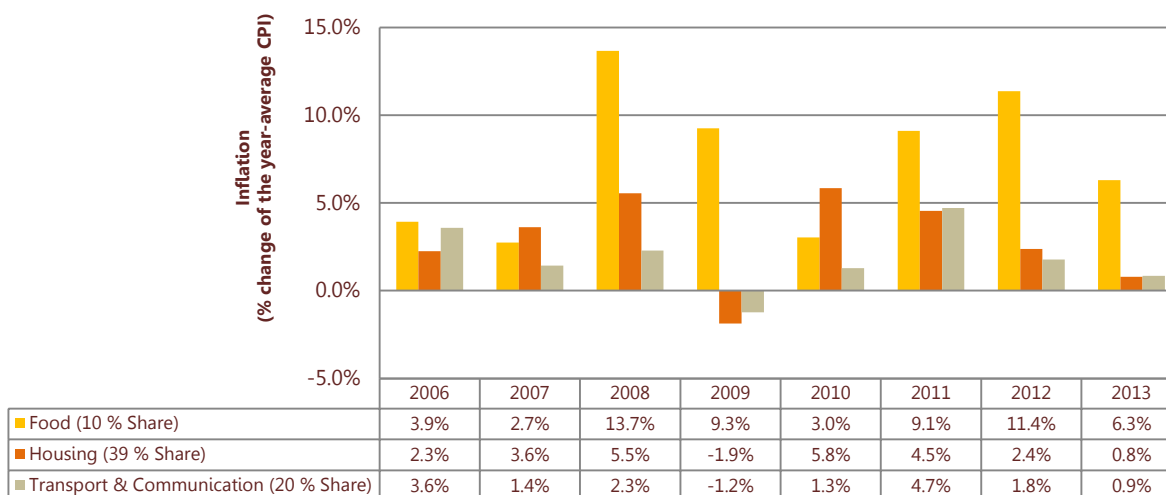
Inflation developments

Table 1 below shows annual inflation developments during 2006 to 2013 for each of the expenditure categories which comprise the consumer basket. Noticeable are the volatile movements in annual inflation recorded for the categories Food and Beverage & Tobacco; these categories recorded the largest disparities between years. Prominent is the development in the category Household Furnishing and Appliances which has significantly increased in the last two years (6.0% ; 13.7%) compared to the prior six years (2006-2011).

Table 1: Sint Maarten Inflation by Expenditure Category

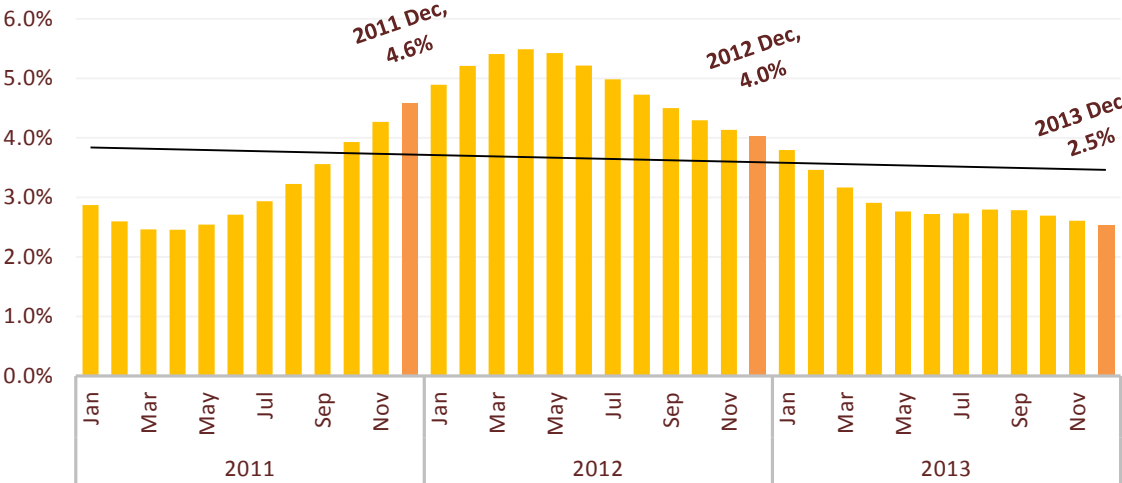
Expenditure Category	2006	2007	2008	2009	2010	2011	2012	2013
Food (10 % Share)	3.9%	2.7%	13.7%	9.3%	3.0%	9.1%	11.4%	6.3%
Beverages and Tobacco	1.8%	0.4%	7.1%	6.1%	2.1%	9.8%	7.9%	3.2%
Clothing & Footwear	-1.6%	0.6%	1.8%	1.5%	0.4%	1.5%	6.2%	0.9%
Housing (39 % Share)	2.3%	3.6%	5.5%	-1.9%	5.8%	4.5%	2.4%	0.8%
Household furnishing & Appliances	1.9%	2.3%	2.3%	4.4%	1.0%	3.6%	6.0%	13.7%
Medical care	0.0%	0.0%	0.2%	1.4%	0.7%	1.5%	1.4%	0.2%
Transport & Communication (20 % Share)	3.6%	1.4%	2.3%	-1.2%	1.3%	4.7%	1.8%	0.9%
Recreation & Education	1.4%	0.7%	-0.2%	0.2%	0.8%	1.4%	3.9%	1.4%
Misc.	0.9%	0.8%	2.1%	2.7%	1.9%	3.1%	2.7%	3.1%
Average Annual Rate	2.3%	2.3%	4.6%	0.7%	3.2%	4.6%	4.0%	2.5%

Graph 2: Annual Inflation on Sint Maarten for the Major Expenditure Categories



Graph 2 above illustrates the annual inflation developments during 2006 to 2013 for the top 3 expenditure categories within the consumer basket; these categories account for 69 percent of the consumer’s budget. Amongst the three categories, ‘Food’ records the highest level of inflation, yet it must be noted that the ‘Housing’ category has the largest influence on the overall average inflation. Nonetheless the low level of inflation recorded in 2013 for both ‘Housing’ (0.8%) and ‘Transport & Communication’ (0.9%) reduced its overall impact to the annual average rate (2.5%) whilst ‘Food’ had a larger impact to this average rate.

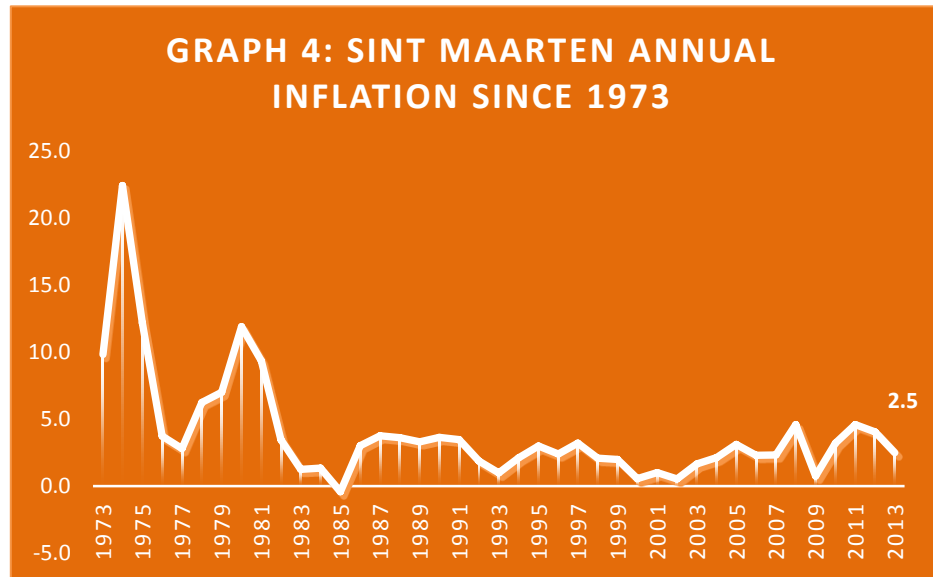
Graph 3: Inflation Sint Maarten 2011-2013



Graph 3 above shows monthly inflation developments over the past 3-years (2011-2013). Most notable is the declining trend line which is representative of the drop in the inflation rate from its peak in April 2012 (5.5%) to the low point in December 2013 (2.5%).

Inflation on Sint Maarten since 1973

When looking at inflation on Sint Maarten since 1973 we note that the average rate between 1982 and 2013 is approximately 2.4 percent, also notable is that inflation has not exceeded 5 percent during this period. The lowest rate of inflation was recorded in 2000 and 2002 alike at 0.5 percent, whilst deflation was



recorded in 1985 (-0.4%). The highest rate of inflation was recorded in 1974 (22.4%). Over the past 10-year period the highest rate of inflation was recorded in 2008 and 2011 alike at 4.6%.

Inflation developments & the Global economy

In table 2 below we review the inflation developments in global economies during the 2006 -2013 period. Note that amongst the developed countries the inflation rate has not exceeded 5 percent during this period, whilst the lesser developed countries recorded on average an inflation rate which exceeds 5 percent. Noticeable is that with exception to the Eurozone and Brazil all other countries recorded a decline in the inflation of 2013 compared to that of 2012.

Table 2: Global Inflation Development 2008-2013

	2008	2009	2010	2011	2012	2013
United States	1.5%	1.7%	3.0%	1.5%	2.7%	0.1%
Eurozone	0.9%	2.2%	2.7%	2.2%	0.9%	1.6%
Japan	1.6%	-0.1%	-0.2%	-0.4%	-1.7%	0.4%
China	2.5%	2.4%	4.1%	4.6%	1.7%	1.3%
India	9.1%	11.2%	6.5%	9.5%	15.0%	9.7%
Brazil	5.9%	5.8%	6.5%	5.9%	4.3%	5.9%
Barbados	4.1%	8.0%	3.7%	5.8%	9.4%	1.9%*
Trinidad & Tobago	7.9%	12.1%	6.9%	10.6%	5.1%	n/a

*Figures up to November 2013

Source : www.global-rates.com and <http://caricomstats.org/CPI.html>

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Growth in Latin America and the Caribbean (LAC) remained in low gear in the first half of 2013. Brazil, the largest economy in the region continued to recover from a slowdown that started in mid-2011.⁵ Growth in the more financially integrated economies in this region (Brazil, Chile, Colombia, Mexico, Peru and Uruguay) remained just under 4 percent, remaining in low gear by historical standards. Among these countries, domestic conditions will matter a lot for the outlook. For example, Brazil is running up against supply bottlenecks that are constraining output and pushing up inflation, so we see its growth no higher than last year, 2.3 percent.

In Central America, stronger global demand is expected to boost tourism and exports, and U.S. construction activity will give a lift to remittances (already growing 6.5 percent year-on-year in the third quarter of 2013) in 2014.⁶

In the Caribbean, the tourism-dependent countries is expected to recover on the back of rising U.S. activity; U.S. tourist traffic to the Caribbean was up some 7 percent year-on-year in November. Growth is expected to remain low in 2014—just 1½ percent. Caribbean commodity exporters are anticipated to experience stronger growth at 3.7 percent.⁷

How do households distribute their income ?

Items in a “consumer basket” are determined from information obtained from Household Budget Surveys conducted by the statistical office of a country. During a specified period, a predetermined number of households from around the country provide information on their spending habits by maintaining a diary of everything bought during that specific period. This information is used to update the “basket” on which the Consumer Price Index (CPI) is based. This update allows for new goods and services that have become significant in households’ budgets, like Internet Service, to be included in the “basket”, and other items which have lost importance to be excluded or have their weights reduced. The last Household Budget Survey (HBS) conducted on Sint Maarten was that of 2004-2005; the next HBS is to be conducted in 2014-2015.

The amount spent on each item in the CPI “basket” is compared to total household spending to obtain the relative importance or “weight” of the commodities in the “basket”. The major categories of the CPI each have representative “group weights”. These weights establish the impact that a particular price change within each category will have on the overall index.

⁵ www.imf.org/external/pubs/ft/reo/2013/whd/eng/pdf/wreo1013.pdf

⁶ <http://blog-imfdirect.imf.org/2014/01/30/the-outlook-for-latin-america-and-the-caribbean-in-2014/>

⁷ <http://blog-imfdirect.imf.org/2014/01/30/the-outlook-for-latin-america-and-the-caribbean-in-2014/>

On St. Maarten, prices are collected every two months and are used to calculate the CPI. It is a useful economic measure, used to determine inflation and to adjust salaries, pensions, rental contracts, etc.

The CPI is determined on the basis of price developments within a set basket of consumer goods and services. This basket is divided into nine expenditure categories each carrying a specific weight. The indexes for all expenditure categories were set at 100 in October 2006; following the re-weighting of the basket derived from consumption behavior, which was observed in the Household Budget Survey. Note developments in consumer prices of the goods and services influences the CPI period to period (Feb-Apr-Jun-Aug-Oct-Dec). Inflation can be defined as the average increase of the CPI over a 12-month period compared to the previous 12-month period. A chief measure of price inflation is the inflation rate.

Results Household Budget Survey (HBS) vs. Well-being Survey

The tables below show the results of the HBS 1994-1995 and 2004-2005 compared to the Well-Being Survey (WBS) 2013. Although the WBS unlike the HBS is completely opinion based, it gives us insight into 2013 developments of how the household believes it distributes its income.

In the 2013 WBS, households were asked how their household would spend ANG 1,000 amongst the various expenditure categories listed. Note the major difference in the 9 categories used in the HBS compared to the more detailed list in the WBS. The WBS categorized expenditures according to The Classification of Individual Consumption (COICOP), which is the most recent international standard and will also be used for the upcoming HBS.

Table 3: HBS Results 1994-95 & 2004-05 Expenditure distribution by category

Expenditure Categories	1994-1995	2004-2005
Food	14%	10%
Beverages and Tobacco	2%	1%
Clothing and Footwear	7%	7%
Housing	31%	39%
Household Furnishing and Appliances	7%	6%
Medical Care	2%	3%
Transportation and Communication	21%	20%
Recreation and Education	9%	6%
Miscellaneous	7%	8%
Total	100%	100%

Table 4: Wellbeing Survey Results 2013 Expenditure distribution by category

Expenditure Categories	2013
Food and non-alcoholic beverages	31%
Alcoholic beverages	1%
Clothing and footwear	7%
Housing	20%
Furnishings, household equipment	3%
Health	6%
Transport	5%
Communications	4%
Recreation and culture	2%
Education	3%
Car insurance	2%
House insurance	1%
Restaurants	1%
Personal care	6%
Savings	9%
Total	100%

Most notable when comparing results in tables 3 and 4, is that 'Food' has received a significantly larger share in the WBS2013 than in the HBS results of prior years. Additionally the category 'Housing' has lost significant share when comparing the results. Table 5 and 6 below show the expenditure distribution of various households according to size of the household. Note that larger households in the HBS has given larger significance to 'Food' and smaller households have given more significance to 'Housing'. This same observation is noted amongst respondents of the Well-being survey yet the absolute share given to these categories are reversed. The category 'Transportation & Communication' has also lost significance amongst Well-being respondents compared to HBS results.

Table 5: HBS Results 2004-05 Expenditure distribution by Household size and Category

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	Household Size					
	1	2	3	4	5	6+
Food	11%	11%	11%	9%	9%	13%
Beverages and Tobacco	1%	1%	1%	1%	1%	2%
Clothing and Footwear	6%	5%	6%	9%	9%	8%
Housing	43%	41%	36%	38%	37%	35%
Household Furnishing and Appliances	4%	6%	7%	5%	6%	5%
Medical Care	2%	4%	3%	1%	1%	3%
Transportation and Communication	20%	18%	21%	21%	23%	18%
Recreation and Education	5%	5%	6%	6%	5%	8%
Miscellaneous	8%	9%	8%	9%	8%	6%
Total	100%	100%	100%	100%	100%	100%

Table 6: Wellbeing Survey 2013 Expenditure distribution by Household size and Category

	1	2	3	4	5	6+
Food and non-alcoholic beverages	26%	30%	33%	35%	35%	35%
Alcoholic beverages	2%	1%	1%	1%	1%	0%
Clothing and footwear	7%	7%	7%	7%	7%	9%
Housing	20%	20%	21%	18%	20%	17%
Furnishings, household equipment	3%	3%	2%	3%	3%	8%
Health	6%	6%	5%	5%	5%	4%
Transport	6%	5%	5%	5%	5%	3%
Communications	5%	4%	3%	3%	4%	3%
Recreation and culture	2%	2%	1%	1%	1%	2%
Education	1%	3%	3%	5%	4%	3%
Car insurance	1%	2%	2%	1%	1%	2%
House insurance	0%	1%	1%	1%	0%	1%
Restaurants	1%	1%	1%	1%	0%	0%
Personal care	7%	6%	5%	5%	3%	4%
Savings	11%	9%	8%	10%	11%	8%
Total	100%	100%	100%	100%	100%	100%

Table 7 and 8 below show the expenditure distribution of various households by income group. Notable is that household with an annual income larger than ANG 35,000 in the HBS has given larger significance to 'Housing' and less significance to 'Transportation and Communication' than the household with an annual income ANG10,000 or less.

Table 7: HBS Results 2004-05 Expenditure distribution by Household Annual Income and Category

FACTORS

	income group (x 1000 ANG)			
	0 - 10	10 - 20	20 - 35	> 35
Food	12%	10%	8%	6%
Beverages and Tobacco	2%	1%	1%	0%
Clothing and Footwear	9%	6%	6%	3%
Housing	34%	39%	43%	54%
Household Furnishing and Appliances	6%	6%	6%	7%
Medical Care	3%	2%	4%	0%
Transportation and Communication	21%	22%	19%	15%
Recreation and Education	6%	7%	6%	3%
Miscellaneous	8%	8%	8%	11%
Total	100%	100%	100%	100%

When households with a monthly income larger than ANG 3,000 (annual > ANG 35,000) were asked in the WBS how they distributed a thousand guilders we note some distinctive differences in the allocation to categories 'Food', 'Housing' and 'Transportation and Communication' compared to the HBS results. 'Food' remains significantly important amongst all income groups. The WBS show that households in all income-groups allocated a significant percentage towards savings.

Table 8: Wellbeing Survey 2013 Expenditure distribution by Household Monthly Income and Category

	00001 - 01000	01001 - 02500	02501 - 05000	05001 - 07500	07501 - 10000	10001+
Food and non-alcoholic beverages	30%	31%	32%	30%	37%	34%
Alcoholic beverages	1%	1%	2%	1%	2%	2%
Clothing and footwear	6%	8%	7%	5%	5%	4%
Housing	23%	20%	19%	21%	16%	15%
Furnishings, household equipment	3%	3%	3%	2%	5%	3%
Health	7%	6%	5%	5%	4%	6%
Transport	6%	6%	5%	5%	5%	6%
Communications	4%	4%	4%	3%	4%	5%
Recreation and culture	1%	2%	2%	1%	3%	2%
Education	3%	3%	3%	5%	2%	4%
Car insurance	1%	1%	2%	3%	1%	1%
House insurance	0%	0%	1%	2%	1%	1%
Restaurants	0%	1%	1%	1%	3%	1%
Personal care	7%	6%	5%	5%	5%	4%
Savings	9%	9%	10%	11%	6%	12%
Total	100%	100%	100%	100%	100%	100%

Personal Inflation

The inflation figures that the Department of Statistics (STAT) publish may differ enormously from what you experience at the grocery store. In fact, you could say that every person has his or her own individual inflation rate. Your personal rate of inflation depends on how you spend your money and may not match the national average. Table 9 below shows how the allocation of the household income to the various expenditure categories in 2013 differ from the HBS in 2005, and how these recent weights would've impacted the 2013 inflation rate. Nonetheless, the official inflation figures are crucial as both public and private employers use them as a benchmark for wage rises.

Table 9: Inflation in 2013 based on HBS 04-05 versus Wellbeing Survey 2013

Expenditure Category	INFLATION				
	2013	HBS 04-05	WELLBEING		
Food	6.3%	10%	0.7%	31%	2.0%
Beverages and Tobacco	3.2%	1%	0.0%	1%	0.0%
Clothing & Footwear	0.9%	7%	0.1%	7%	0.1%
Housing	0.8%	39%	0.3%	20%	0.2%
Household furnishing & Appliances	13.7%	6%	0.8%	3%	0.4%
Medical care	0.2%	3%	0.0%	6%	0.0%
Transport & Communication	0.9%	20%	0.2%	9%	0.1%
Recreation & Education	1.4%	6%	0.1%	5%	0.1%
Misc.	3.1%	8%	0.3%	18%	0.6%
Average Annual Rate	2.5%	2.5%		3.4%	